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FM AMEMBASSY ASUNCION
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INFO RUCNMER/MERCOSUR COLLECTIVE
RUMIAAA/USCINCSO MIAMI FL//SCJ3/SCJ33/SCJ34/SOCSO LNO//
RHEHNSC/WHITE HOUSE NSC WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDO/DEPT OF COMMERCE WASHDC
RUEAIIA/CIA WASHDC

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SIPDIS

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STATE FOR WHA/BSC, INL/LP (JIM HIDES)
EB/IFD/OIA
STATE PASS TO USAID FOR LAC/AA
STATE PASS TO USTR FOR LYANG
NSC FOR JOSE CARDENAS
TREASURY FOR OSIA MAUREEN WAFER
TREASURY FOR OTA WARFIELD, VAN KOCH, MILLAR
COMMERCE FOR ITA SARAH COOK
SOUTHCOM FOR POLAD

E.O. 12958: N/A

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SUBJECT: PARAGUAY POLITICAL AND ECONOMIC UPDATE MAY 19-25,
2007

REF: 05 ASUNCION 1047

11. (U) SUMMARY:

- San Pedro; Concepcion Welcome Ambassador
- Paraguay free of Foot and Mouth Disease with vaccination
- IPR Customs Conference held in Asuncion
- Senate Annuls Land Grab
- SOCSOUTH Commander Visits Paraguay
- PolOff Tours Chaco

SAN PEDRO; CONCEPCION WELCOME AMBASSADOR

12. (U) During a visit to the San Pedro and Concepcion Departments, the Ambassador delivered a National Cancer Coalition (NCC) donation of 1,000 doses of anti-parasite medicine to Concepcion Bishop Zacarias Ortiz. Ortiz told the Ambassador that people were losing confidence in the government's ability to address socio-economic issues. The Ambassador also met with Governor Ramonita Mendoza, of Concepcion, who praised USG support to the Department through MEDRETE and New Horizons exercises (they want them back!). Mendoza also mentioned the important and active contribution made by Peace Corps volunteers and USAID.

13. (U) The Ambassador visited USAID/Paraguay Vende sesame production sites. Industry producers noted that price is a big concern for producer associations, particularly in the San Pedro area. They stated a lack of planning and support from the government and a desire for more technical assistance from Paraguay Vende on price and techniques, diversification, and marketing for their products.

PARAGUAY FREE OF FOOT AND MOUTH DISEASE WITH VACCINATION

14. (U) The World Animal Health Organization (OIE) renewed Paraguay's certification as a country free of foot and mouth (FMD) disease with vaccination at its General Assembly meeting in Paris on May 22. Paraguay's beef sector has been the fastest growing sector of the economy in recent years, and Paraguay exported USD 418 million worth of beef products in 2006. The Paraguayan government hopes the renewal of the

status will keep existing markets open and help to open new ones. Currently over 35 markets are open for Paraguayan beef. The OIE will continue to closely monitor a 15 kilometer strip around Paraguay given FMD outbreaks in recent years in border areas of Argentina, Brazil and Bolivia. Paraguay has applied to USDA for permission to export beef to the US and technical discussions are ongoing.

IPR CUSTOMS CONFERENCE HELD IN ASUNCION

15. (U) Post hosted an IPR enforcement conference for tri-border customs officials in Asuncion on May 21 and 22. The substance of the conference was organized by the US Patent and Trademark Office (USPTO) which recruited European Union participation. The EC Customs Attache, the EC Deputy Chief of Mission from Montevideo and a Spanish customs official participated. The conference was organized as a series of roundtable discussions on issues such as risk assessment, international best practices, and cross-border cooperation. The Argentine delegation failed to show up but the Paraguayan and Brazilian delegations participated enthusiastically. Both delegations expressed a commitment to combating IPR crime, but emphasized the paucity of resources available. Both delegations were receptive to additional training in the future, particularly training aimed at helping line inspectors identify counterfeit products.

SENATE VOTES ANNUL LAND GRAB

16. (U) The Senate approved a bill, by a 3 vote margin (23 yeas and 20 nays), annulling the expropriation of 52,000 hectares of the property owned by Victoria S.A., headed by Korean Reverend Sun Myun Moon, in Puerto Casado. The legislation also accepted Moon's donation of 30,000 hectares. The

Chamber of Deputies must now vote to approve the donation before it can be sent to President Duarte. (NOTE: In August 2005, the government expropriated the land claiming that it was not being productively used. (reftel) If the land is expropriated the government, by law, must pay the land owner fair market price for the land - no funds had been identified to pay for the expropriation which was signed by President Duarte in September 2005. END NOTE.)

SOC SOUTH COMMANDER VISITS PARAGUAY

17. (U) General Charles Cleveland, SOCSOUTH Commander, visited Paraguay May 21-23 to inspect the progress of training and equipping of the Paraguayan Immediate Reaction Detachment, formerly known as the Counter-Terrorism Unit. Cleveland also met with Armed Forces Commanding General Bernardino Soto Estigarribia and Army Commander General Gomez to discuss future opportunities for training and coordination. Soto and Gomez expressed their thanks for the support from SOCSOUTH for renovating the barracks and headquarters of the IRD as well as the training.

POLOFF TOURS CHACO

18. (U) PolOff travelled to Mariscal Estigarribia, Filadelfia and Loma Plata, in the Boqueron Department May 21-22 to discuss political and socio-economic issues with political officials and local activists. Governor David Sawatsky Funk told PolOff that the main priorities of his administration were education, health and sustained community development. He described the population as nearly 50/50 immigrants to indigenous (the indigenous work the farms owned by the largely Mennonite community). Sawatsky noted that meats and milk are the top industries in Boqueron and his Department exports more than 40 percent of the country's meat and milk exports.

19. (U) Wilfried Giesbrecht, President of DesdelChaco (a local NGO), discussed environmental issues and projects in the region. He noted that the trafficking of wood products is a big problem in the region. Giesbrecht stated that he is working with Argentina and Bolivia on nature protection and

conservation projects. (NOTE: DesdelChaco is a USAID partner.
END NOTE.)

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